



VORTIV

Vortiv Limited
Corporate Governance
Statement 2020

CORPORATE GOVERNANCE STATEMENT

Vortiv Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

CORPORATE GOVERNANCE COMPLIANCE

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, have been in place for financial year ended 31 March 2020. The Company has considered the ASX Corporate Governance Principles and Recommendations (3rd Edition) to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

DISCLOSURE OF CORPORATE PRACTICES

Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 1.3	✓	
Recommendation 1.4	✓	
Recommendation 1.5		✓
Recommendation 1.6	✓	
Recommendation 1.7	✓	
Recommendation 2.1		✓
Recommendation 2.2	✓	
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5		✓
Recommendation 2.6	✓	
Recommendation 3.1	✓	
Recommendation 4.1		✓
Recommendation 4.2	✓	
Recommendation 4.3	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 6.2		✓
Recommendation 6.3	✓	
Recommendation 6.4	✓	
Recommendation 7.1		✓
Recommendation 7.2	✓	
Recommendation 7.3		✓
Recommendation 7.4	✓	
Recommendation 8.1		✓
Recommendation 8.2	✓	
Recommendation 8.3		✓

DISCLOSURE – PRINCIPLES & RECOMMENDATIONS

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT OVERSIGHT

“Companies should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.”

Recommendation 1.1

A listed entity should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the board and those delegated to management.

Disclosure

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director or CEO is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and/or CEO and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary and Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium-term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and improved as required.

The Managing Director and/or CEO and senior executives are delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The Managing Director and/or CEO and senior executives are required to report regularly to the Board on the performance of the Business.

Some Board functions may be handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Recommendation 1.2

A listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Disclosure

The Company undertakes checks on any person who is considered as a director. These checks may include character, experience, education and financial history and background. One Director was appointed to the Board during the year. The Board undertook what it considered to be appropriate checks prior to the appointment of the new Director.

A profile of each Director is included in the Annual Report and in any notice of meeting where the Director is standing for election or re-election.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Disclosure

The Company has a written agreement with each Director and senior executive which sets out the terms of their appointment. Any material variations to agreements with Directors are disclosed to the ASX.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Disclosure

The Company Secretary is accountable to the Board through the Chair and has a direct line of communication with the Chairman and all Directors. The Company Secretary is responsible for supporting the proper functioning of the Board and its committees where applicable. The role includes, but is not limited to:

- Monitoring the extent that the Board policies and procedures are followed;
- Coordinating the timely completion and despatch of Board and committee agendas and briefing material;
- Advising the Board and committees (where applicable) on governance matters;
- Ensuring the business at Board and shareholder meetings is accurately reflected in the minutes; and
- Assisting with the induction of Directors.

Recommendation 1.5

A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them; and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes).

Disclosure

The Board recognises the benefits of having an appropriate blend of diversity on the Board and in all areas of the Group's business and adopted a diversity policy during the year which outlines the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees to enhance Company performance. The diversity policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. The diversity policy outlines the process by which the Board may set measurable objectives to achieve the aims of its diversity policy, with particular focus on gender diversity within the Company. The Board has not, at this point, established formal measurable objectives for achieving gender diversity. The employees and officers of the Company currently represent a range of ethnicity, cultural background and experience.

Gender diversity table:

	Number of Women	Number of Men
Board	-	4
Senior executive	1	4
Whole organisation	12	38

Recommendation 1.6

A listed entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure

The Chairman is responsible for evaluation of the Board and committees as and when considered appropriate. The review is based on the goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance.

No formal review was undertaken during the reporting period. Evaluation of the Board is currently carried out on a continuing and informal basis. A formal process will be put in place when the Board considers it is justified by the level of the Company's operations.

Recommendation 1.7

A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure

The Board is responsible for the evaluation of senior executives. No formal periodic review of senior executives was undertaken during the reporting period with evaluation of management carried out on continuing basis by the Chairman. All directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

“A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.”

Recommendation 2.1

The board of a listed entity should have a nomination committee which:

- (1) has at least three members, a majority of whom are independent directors; and
- (2) is chaired by an independent director and disclose:
 - (a) the charter of the committee;
 - (b) the members of the committee; and
 - (c) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Disclosure

A nomination committee has not been established. The size and composition of the Board for the majority of the period did not allow for a suitably constituted nomination committee and the committee is not considered warranted given the level of operations of the Company. The role and processes of a nomination committee has been assumed by the full Board. When circumstance require, the Board considers the necessary skills, knowledge and experience of the Board and management and seeks to fill any gaps in these areas as appropriate.

Recommendation 2.2:

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Disclosure

The Board has identified that the appropriate mix of skills and diversity required of its members to operate effectively and efficiently is achieved by personnel having suitable skills and experience in Australian and international business and finance, mergers and integration of businesses, technology development and implementation, operational management, marketing, corporate governance, banking and ATM service provision, listed company and equity markets as well as time availability. The current Board composition adequately addresses these areas. If and when there is a change in the Company's business and/or level of operations, the Board will reconsider the skills matrix and ensure the Board has members with the appropriate skills and experience. A profile of each Director setting out their skills, experience and expertise is set out in the Directors Report of the 2020 Annual Report.

Recommendation 2.3:

A listed entity should disclose the names of the directors considered by the board to be independent and the length of service of each director.

Disclosure

The Company currently has the following Board members:

- | | | |
|-------------------|------------------------|--|
| • Mr Gary Foster | Non-Executive Chairman | Appointed 25/02/10, Managing Director until 31/03/17 |
| • Mr Jeffrey Lai | Managing Director | Appointed 30/06/17, CEO from 20/03/17 |
| • Mr Howard Digby | Non-Executive Director | Appointed 13/11/18 |
| • Mr Gregg Taylor | Non-Executive Director | Appointed 09/10/19 |

The Board has assessed the independence status of the directors in terms of the ASX Corporate Governance Council's discussion of independent status and has determined that during the reporting period, Mr Howard Digby and Mr Gregg Taylor were independent directors.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

Disclosure

The Company does not have a majority of independent directors.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Disclosure

The Company's Chairman during the reporting period, Mr Gary Foster, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent director. However, the Board believes that the Chairmen is able and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairman.

The role of the Chairman and the CEO are not exercised by the same person.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Disclosure

A new director is inducted into the Company's policies and processes on engagement. The Company does not have a formal policy or program for professional development of Directors. Directors are expected to maintain and develop their skills and knowledge needed to perform their role effectively. The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

"A listed entity should act ethical and responsibly."

Recommendation 3.1

A listed entity should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.

Disclosure

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the Company.
- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;

- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

“A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting”

Recommendation 4.1

The board of a listed entity should have an audit committee which:

- (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- (2) is chaired by an independent director, who is not the chair of the board, and disclose:
 - (a) the charter of the committee;
 - (b) the relevant qualifications and experience of the members of the committee; and
 - (c) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Disclosure

An Audit Committee has not been established and the role of the Audit Committee has been assumed by the full Board.

The composition of the Board for the majority of the period did not allow for a properly constituted committee in accordance with the recommendations. When the establishment of a separate Audit Committee is considered justified an appropriate Charter will be adopted.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Disclosure

The Board requires and has received an appropriate declaration from those people assuming the roles of CEO and CFO before it approves the Company's financial statements for each financial period.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Disclosure

The Company's external auditor is invited to and attends the Annual General Meeting. The auditor's presence is made known to the shareholders during the meeting and shareholders are provided with an opportunity to address questions to the auditor.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURES

“A listed entity should make timely and balanced disclosure of all material matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.”

Recommendation 5.1

A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.

Disclosure

In order to ensure that the Company meets its obligations with regard to the continuous disclosure requirements, the Company has adopted a Continuous Disclosure Policy. The Continuous Disclosure Policy sets out the Company's obligations and its policies and procedures to ensure timely and accurate disclosure of price sensitive information to the market. The Policy is disclosed on the Company website.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

“A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.”

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

Disclosure

The Company’s website (www.tsnltd.com.au) provides information on the Company including its history business strategy, principles and values and contact details. The Corporate Governance page provides access to the Corporate Governance Statement and Constitution of the Company. ASX announcements and Company reports can be accessed from the website.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Disclosure

The Company has not established a formal investor relations program. The Company does actively communicate with its Shareholders in order to identify their expectations and promotes Shareholder involvement in the Company. The Company has engaged an investor relations advisor to assist with this process.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Disclosure

The Company has a Shareholder Communications Policy to ensure a regular and timely release of information about the Company to shareholders. Shareholders are encouraged to attend and participate in general meetings.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Disclosure

Shareholders are able to make contact with and receive communications from both the Company and its share registry.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

“A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.”

Recommendation 7.1

The board of a listed entity should have a committee or committees to oversee risk, each of which:

- (1) has at least three members, a majority of whom are independent directors; and
- (2) is chaired by an independent director, and disclose:
 - (a) the charter of the committee;
 - (b) the members of the committee; and
 - (c) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or if it does not have a risk committee or committees that satisfy above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.

Disclosure

The Company does not have a risk management committee with that role undertaken by the Board. The Company has policies and procedures in place which are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company’s business objectives.

Recommendation 7.2

The board or a committee of the board should review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.

Disclosure

Strategic and operational risks are reviewed at each meeting of the Board. As part of regular reporting procedure, management report to the Board confirming that those risks are being managed effectively.

Recommendation 7.3

A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs; or if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Disclosure

No internal audit function exists. As at the date of this report all functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by management and reviewed by the Board.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Disclosure

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Company's approach to creating long-term shareholder value. The Company is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the cloud computing and cybersecurity industries and investments in India, the Company does not currently have material exposure to environmental and social sustainability risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

"A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders."

Recommendation 8.1

The board of a listed entity should have a remuneration committee which:

- (1) has at least three members, a majority of whom are independent directors; and
- (2) is chaired by an independent director, and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Disclosure

A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board. When the establishment of a separate Remuneration Committee is considered to be justified the Committee will comply with these recommendations and an appropriate Charter will be adopted.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Disclosure

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. There are no agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation).

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed periodically to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, performance shares or options granted at the discretion of the Board and subject to obtaining the relevant approvals.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.

Disclosure

The Company has not established a policy on this matter. The Company's current option plan only provides for the issue of unlisted performance rights and/or options to eligible participants.

Key Management Personnel are required to comply with the Company's Securities Trading Policy.